

that there was a fall in regional income in 1961-62 from the previous year. This was mainly due to the fall in agricultural output caused by the unprecedented floods during the crop seasons. In 1962-63, the regional income has risen by 3 per cent.

17. Agriculture is obviously crucial to the wealth and welfare of our State. We have to ensure a steady increase in agricultural output at all costs. Massive efforts are now under way to make up for the earlier shortfalls. And it is hoped that ultimately the Third Plan targets of agricultural production will be realised.

18. In view of the accelerated efforts made for the implementation of the Power programme, the present shortage of power is expected to be remedied by the end of the current Plan. In the industrial field, the efforts taken by the Government in the last two years are expected to yield dividends in due course. Under Transport and Communications, and Social Services (Education, Health, etc.), the indications are that the Third Plan outlays will be considerably exceeded.

19. The mid-term appraisal has disclosed that, during the last two years, the base has been laid for better progress and increased output. It has, however, underlined the need for concentrating efforts in the two key sectors of agriculture and industries. The need for careful and detailed advance planning in respect of projects and schemes has also been brought to light. Failure to do so results in 'delays in implementation, underestimation of costs, emergence of imbalances and sometimes even in the abandonment of some of the projects.. Increase in construction costs is a factor that results in shortfalls in the physical targets. It is therefore important to keep down construction costs. These lessons of the mid-term appraisal will be carefully borne in mind in implementing the annual Plans for the remaining years of the Third Plan and also in preparing the Fourth Plan.

20. Action for the formulation of the Fourth Plan has already been initiated. Twenty-three working groups have been constituted to submit reports on different sectors of development. A Programme Committee will be constituted shortly to determine the outlines of the approach to the Fourth Plan, the order and pattern of investment, choice of priorities, etc. It is expected that, before the end of 1964, a tentative outline of the Fourth Plan could be drawn up.

21. I now turn to review briefly the financial transactions of the preceding and current years.

Accounts 1962-63

22. The accounts of 1962-63 disclose a small deficit of Rs. 32 lakhs on Revenue Account against an estimated surplus of Rs. 9 lakhs. One of the reasons for this deterioration was the fall in the collections under land revenue as a result of the striking down of the Kerala Land Tax Act by the High Court. The expenditure on Capital schemes and on disbursement of loans and advances together exceeded the budget estimates by over Rs. 1 crore. During the year the Government received a ways and means loan of Rs. 3 crores from the Government of India. Mainly on account of this, the transactions of the year recorded an improvement in the over-all financial position by Rs. 3.28 crores against the improvement of Rs. 1.26 crores anticipated in the budget.